

Strategic Energy Resources Limited

ABN 14 051 212 429

Half-year Financial Report - 31 December 2024

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Directors	Mr Stuart Rechner - Executive Chair Dr David DeTata - Managing Director Mr Anthony McIntosh - Non-Executive Director Mr Tony Gu - Non-Executive Director
Company secretary	Mr Mathew Watkins
Registered office and principal place of business	Level 4, 100 Albert Road South Melbourne VIC 3205 Ph: 03 9692 7222 Fax: 03 9077 9233
Share register	Link Market Services Limited Tower 4, 727 Collins Street Melbourne, VIC 3008 Ph: 1300 554 474
Auditor	Nexia Perth Audit Services Pty Ltd Level 3, 88 William Street Perth WA 6000
Stock exchange listing	Strategic Energy Resources Limited shares are listed on the Australian Securities Exchange (ASX code: SER)
Website	www.strategicenergy.com.au

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' / 'Group') consisting of Strategic Energy Resources Limited (referred to hereafter as the 'Company', 'SER' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2024.

Directors

The following persons were Directors of Strategic Energy Resources Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr Stuart Rechner - Executive Chairman
Dr David DeTata - Managing Director
Mr Anthony McIntosh - Non-Executive Director
Mr Tony Gu - Non-Executive Director

Principal activities

The Consolidated Entity is a specialised undercover mineral explorer and project generator focused on discovery in greenfield frontiers of Australia whose principal continuing activities during the period ended 31 December 2024 are exploration for minerals in Australia.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Review of financial results

The loss for the Consolidated Entity after providing for income tax amounted to \$661,228 (31 December 2023: \$317,888).

The Consolidated Entity's net assets increased by \$153,111 to \$7,771,528 as at 31 December 2024 (30 June 2024: \$7,618,417). The Consolidated Entity had net cash outflows from operating activities for the period of \$297,200 (31 December 2023 net cash outflows: \$397,830). Working capital, being current assets less current liabilities, decreased by \$966,264 to \$892,005 (30 June 2024: \$1,858,269).

Review of operations

SER's vision is "To Create the Future of Undercover Exploration" with the goal of discovering major precious and base metal deposits. During the reporting period, we continued to generate exploration projects and execute our discovery strategy of "Search, Explore, Resolve" driven by science-led technical excellence and funded by sharing risks and rewards with our partners.

At the **South Cobar** polymetallic project (NSW), a maiden RC drill program was completed at the Achilles 1 Prospect which lies along the Achilles shear, 7km south of the recent discovery at Achilles 3 by Australian Gold & Copper (ASX:AGC). SER drilling identified a NNW striking trend approximately 15m wide over 600m which included Pb-Zn-Ag-Cu-Au zoned mineralisation. 17 of the 25 holes drilled returned significant intercepts of polymetallic mineralisation. The trend is open to the north along the Achilles shear with drilling also identifying secondary trends of mineralisation east of the shear. These results have convinced SER that South Cobar is fertile for Cobar-style polymetallic mineralisation and we look forward to advancing exploration in 2025.

On ground exploration continued at the **Canobie Project** (QLD) under the Farm-in Joint Venture Agreement (FJV) with Fortescue. The FJV requires FMG to spend \$8M to earn an 80% joint venture interest at Canobie which includes 6,000m of basement drilling (1,467m drilled to date) that ensures multiple new Copper-Gold targets are tested. A major infill gravity survey was completed during the period which has significantly improved the resolution of data across the project with target ranking now underway to guide the next round of drilling.

In July, Evolution Mining (ASX:EVN) extended an Option Agreement covering SER's **South Cowal Project** (NSW) for a third and final year. Evolution has until September 2025 to elect to purchase the tenement (located 20km from Evolution's Cowal Gold Mine) for \$1M cash.

Exploration continued at our **West Koonenberry** copper-nickel project (NSW) where SER is targeting mafic host rocks on the western side of the Bancannia Trough. During the period an airborne magnetic survey was flown, a reconnaissance field mapping program completed, and a soil sampling program conducted as part of a CSIRO Kickstart Research Program to identify potential magmatic sulphides. The results from the CSIRO project are due mid-2025 which will inform the next phase of exploration.

A Moving Loop Electromagnetic Survey (MLEM) and airborne magnetic survey (AMR) were completed at our **Mundi Project** (NSW) which captures the shallowest portion of large crustal scale conductivity anomaly within the Curnamona Province. The MLEM identified a defined conductor that is associated with a reversely magnetised ovoid body from the AMR. A future work program is now in development to identify analogues which will guide further exploration.

Our **Isa North** copper-gold project (QLD) is drill ready and we eagerly await news of possible government co-funding.

In addition to the above highlights, SER continues to pursue R&D opportunities as a means of advancing our understanding of each project while leveraging industry and academic knowledge. In the last financial year over \$300k of exploration was claimed as direct R&D expenditure, with this value set to increase in the current year. This ensures our staff remain at the forefront of scientific advancements and means more money is spent advancing our project portfolio, maximising our chances of discovery.

Meanwhile, our project generation work continues under the radar with exciting new projects to be revealed to shareholders in the coming year.

The SER team would like to thank our shareholders for their continued support in our search for Australia's next major discovery.

Significant changes in the state of affairs

On 22 July 2024, the Company raised \$781,400 (before transaction costs) by issuing 71,036,360 fully paid ordinary shares at an issue price of \$0.011 (1.1 cents) per Share of which 6,000,000 shares were issued to directors.

On 22 July 2024, the Company issued 6,000,000 options to the Lead Manager of the placement, as consideration for its services at \$0.017 (cents) exercise price per share.

On 26 July 2024, 8,375,000 Options were forfeited as the vesting conditions had not been, satisfied.

On 9 August 2024, the Company relinquished the exploration licence for tenement E70/5344 Ambergate West in WA.

On 20 September 2024, the Company sold all the shares held at Middle Island Resources Limited for \$0.011(1.1cents).

On 14 October 2024, the Company issued 2,000,000 fully paid ordinary shares to a consultant as part consideration for specialist exploration service, valued at \$0.014 (cents) per share.

On 14 October 2024, the Company issued 4,000,000 Unlisted Options to an employee, at nil exercise price, expiring on 14 October 2027, subject to various vesting conditions.

On 2 December 2024, the Company issued 28,000,000 Unlisted Options to directors, at nil exercise price, expiring on 2 December 2027, subject to various vesting conditions.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial period.

Matters subsequent to the end of the financial period

Nexia Perth Audit Services Pty Ltd was appointed as the Company's auditor with effect from 10 January 2025 following the resignation of Grant Thornton following ASIC's consent to the resignation.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Auditor's independence declaration

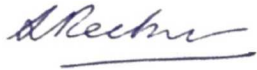
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Rounding of amounts

Strategic Energy Resources Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr Stuart Rechner
Executive Chair

11 March 2025

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To the Board of Directors of Strategic Energy Resources Limited

Auditor's independence declaration under section 307C of the Corporations Act 2001

As lead auditor for the review of the half-year financial report of Strategic Energy Resources Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

N.P.A.S.

Nexia Perth Audit Services Pty Ltd



Muranda Jans Van Nieuwenhuizen
Director

Perth, Western Australia
11 March 2025

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Strategic Energy Resources Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the period ended 31 December 2024



		Consolidated	
	Note	31 December 2024	31 December 2023
		\$	\$
Other income	4	4,653	256,170
Interest income		25,823	20,716
Expenses			
Employee benefits expense		(154,444)	(136,385)
Corporate expenses		(239,333)	(235,956)
Tenement due diligence and other exploration expenses		(170,469)	(83,911)
Share based payments	10	(84,930)	(35,876)
Other expenses		(42,528)	(102,646)
Loss before income tax expense		(661,228)	(317,888)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the Owners of Strategic Energy Resources Limited		(661,228)	(317,888)
Other comprehensive loss			
<i>Items that will not subsequently be transferred to profit or loss</i>			
(Loss) / gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		-	(359,834)
Other comprehensive loss for the period, net of tax		-	(359,834)
Total comprehensive loss for the period attributable to the Owners of Strategic Energy Resources Limited		(661,228)	(677,722)
		Cents	Cents
Basic loss per share	16	(0.10)	(0.07)
Diluted loss per share	16	(0.10)	(0.07)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Strategic Energy Resources Limited
Condensed consolidated statement of financial position
As at 31 December 2024



		Consolidated	
		31 December	30 June 2024
	Note	2024	2024
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	1,316,446	2,507,709
Other receivables		37,781	129,408
Non-current assets classified as held for sale	6	22,425	21,849
Prepayments		60,929	42,045
Total current assets		1,437,581	2,701,011
Non-current assets			
Financial assets at fair value through other comprehensive income		-	237,120
Equipment		3,647	3,264
Exploration and evaluation assets	7	6,707,994	5,346,786
Other assets		192,978	172,978
Total non-current assets		6,904,619	5,760,148
Total assets		8,342,200	8,461,159
Liabilities			
Current liabilities			
Trade and other payables		205,162	207,471
Employee entitlements		67,905	51,154
Other liabilities	8	272,509	584,117
Total current liabilities		545,576	842,742
Non-current liabilities			
Provisions		25,096	-
Total non-current liabilities		25,096	-
Total liabilities		570,672	842,742
Net assets		7,771,528	7,618,417
Equity			
Issued capital	9	42,799,707	42,097,670
Reserves	10	365,163	258,486
Accumulated losses		(35,393,342)	(34,737,739)
Total equity		7,771,528	7,618,417

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

Strategic Energy Resources Limited
Condensed consolidated statement of changes in equity
For the period ended 31 December 2024



Consolidated	Issued Capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	38,370,001	1,029,262	(33,635,379)	5,763,884
Loss after income tax expense for the period	-	-	(317,888)	(317,888)
Other comprehensive loss for the period, net of tax	-	(359,834)	-	(359,834)
Total comprehensive loss for the period	-	(359,834)	(317,888)	(677,722)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	2,426,280	-	-	2,426,280
Share-based payments	-	80,876	-	80,876
Options issued for capital raising services	(18,750)	18,750	-	-
Transfer of expired and cancelled options	-	(369,900)	369,900	-
Shares issued upon exercise of options	160,000	(160,000)	-	-
Balance at 31 December 2023	<u>40,937,531</u>	<u>239,154</u>	<u>(33,583,367)</u>	<u>7,593,318</u>
Consolidated	Issued Capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	42,097,670	258,486	(34,737,739)	7,618,417
Loss after income tax expense for the period	-	-	(661,228)	(661,228)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(661,228)	(661,228)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	734,517	-	-	734,517
Share-based payments (note 10 and 17)	-	88,302	-	88,302
Options issued for capital raising services	(60,480)	60,480	-	-
Shares issued in lieu of service (note 9)	28,000	-	-	28,000
Transfer of expired and cancelled options	-	(5,625)	5,625	-
Transfers upon disposal of investments	-	(36,480)	-	(36,480)
Balance at 31 December 2024	<u>42,799,707</u>	<u>365,163</u>	<u>(35,393,342)</u>	<u>7,771,528</u>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Strategic Energy Resources Limited
Condensed consolidated statement of cash flows
For the period ended 31 December 2024



	Consolidated	
	31 December 2024	31 December 2023
Note	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(424,847)	(409,114)
Interest received	27,647	11,284
Receipts for extension of the South Cowal Project (EL9368) option agreement	100,000	-
Net cash used in operating activities	(297,200)	(397,830)
Cash flows from investing activities		
Payments for equipment	(1,226)	-
Payments for exploration and evaluation	(1,429,226)	(960,792)
Payments for security deposits	(20,000)	(20,000)
Proceeds from disposal of investments	200,640	-
Contributions from joint operations - net of exploration expenses	(378,768)	299,730
Net cash used in investing activities	(1,628,580)	(681,062)
Cash flows from financing activities		
Proceeds from issue of shares (net of cost)	734,517	1,440,800
Net cash from financing activities	734,517	1,440,800
Net (decrease)/increase in cash and cash equivalents	(1,191,263)	361,908
Cash and cash equivalents at the beginning of the financial period	2,507,709	975,061
Cash and cash equivalents at the end of the financial period	5 <u>1,316,446</u>	<u>1,336,969</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The half-year financial report covers Strategic Energy Resources Limited as a Consolidated Entity consisting of Strategic Energy Resources Limited and the entities it controlled at the end of, or during, the period ended 31 December 2024. The half-year financial report is presented in Australian dollars, which is Strategic Energy Resources Limited's functional and presentation currency.

Strategic Energy Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 100 Albert Road
South Melbourne, VIC 3205

The half-year financial report was authorised for issue, in accordance with a resolution of Directors, on 11 March 2025. The Directors have the power to amend and reissue the half-year financial report.

Note 2. Material accounting policy information

These general purpose half-year financial report for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' ("AASB134") and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose half-year financial report do not include all the notes of the type normally included in annual financial statements. Accordingly, these half-year financial report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX listing rules.

The accounting policies adopted, methods of computation and areas of critical accounting judgements, estimates and assumptions are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The working capital position as at 31 December 2024 of the Consolidated Entity results in an excess of current assets over current liabilities of \$892,005 (30 June 2024: \$1,858,269). The Consolidated Entity made a loss after tax of \$661,228 during the half-year ended 31 December 2024 (31 December 2023: \$317,888) and had operating & investing cash outflows of \$1,925,780 (31 December 2023: \$1,078,892). The cash balances as at 31 December 2024 was \$1,316,446 (30 June 2024 : \$2,507,709). The continuing viability of the Consolidated Entity and its ability to continue as a going concern is dependent upon the Consolidated Entity being successful in its continuing efforts in exploration projects and accessing additional sources of capital to meet the commitments within one year from the date of signing the financial report.

The Consolidated Entity is involved in exploration for minerals in Australia. Management has prepared a cash flow forecast using their best estimate assumptions covering at least 12 months from the report date, which includes the need for additional capital raising. To meet these funding requirements as and when they fall due the Consolidated Entity may take appropriate steps, including a combination of:

- Raising additional capital through the Company's existing placement capacity;
- Subject to negotiation and approval, minimum work requirements may be varied or suspended, and/or permits may be surrendered or cancelled; and
- Meeting its obligations by farm-out of the Consolidated Entity's exploration interests.

Note 2. Material accounting policy information (continued)

Should the Consolidated Entity be unable to obtain the funding as described above, there is a material uncertainty as to whether the Consolidated Entity will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustment relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Consolidated Entity be unable to continue as a going concern. Having assessed the potential uncertainties relating to the Consolidated Entity's ability to effectively fund exploration activities and operating expenditures, the Directors believe that the Consolidated Entity will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the half-year financial report on a going concern basis.

Significant Accounting Judgements and Key Estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing the half-year financial report, the significant judgements and key estimates made by management were the same as those that applied to the annual financial report for the year ended 30 June 2024.

Rounding amount

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the Directors' report and in the half-year financial report have been rounded to the nearest dollar.

Note 3. Operating segments

Identification of reportable operating segments

During the current financial year the Consolidated Entity operated in one segment being an explorer of base precious metals.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In the current year the board reviews the Consolidated Entity as one operating segment being mineral exploration within Australia.

Revenue by geographical area

All assets and liabilities and operations are based in Australia.

Note 4. Other income

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Sundry income	4,653	42,712
Gains from sale of tenements	-	213,458
Other income	4,653	256,170

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Cash at bank	852,619	1,665,115
Cash at bank, held in joint operations	463,827	842,594
	<u>1,316,446</u>	<u>2,507,709</u>

Note 6. Current assets - non-current assets classified as held for sale

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Exploration assets held for sale	<u>22,425</u>	<u>21,849</u>

On 26 September 2022, the Company signed an Option Agreement with Evolution Mining Limited (ASX: EVN or Evolution) for a 2-year Option to purchase EL9368 (Tenement) which is located nearby to Evolution's operating Cowal Gold Mine. Evolution has a 2-year Option to purchase a 100% interest in EL9057 and EL9368 Tenement and associated information from SER. On 2 July 2024, Evolution elected to extend the options period for a third year. At the date of this report, Evolution continues to progress an assessment of historical datasets covering tenement EL9368. As on 31 December 2024, costs associated with EL9368 tenement amounting to \$22,425 has been classified as exploration assets held for sale.

Note 7. Non-current assets - exploration and evaluation assets

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Exploration and evaluation assets - at cost	<u>6,707,994</u>	<u>5,346,786</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current period and previous financial year are set out below:

Consolidated	Exploration and evaluation assets
	\$
Balance at 1 July 2024	5,346,786
Expenditure during the period	<u>1,361,208</u>
Balance at 31 December 2024	<u>6,707,994</u>

Note 8. Current liabilities - Other liabilities

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Advances received from joint operations	272,509	584,117

Note 9. Equity - issued capital

	Consolidated			
	31 December 2024	30 June 2024	31 December 2024	30 June 2024
	Shares	Shares	\$	\$
Ordinary shares - fully paid	671,033,330	597,996,970	42,799,707	42,097,670

Movements in ordinary share capital

Details	Date	Shares	Price per share	\$
Balance	1 July 2024	597,996,970		42,097,670
Issue of fully paid ordinary shares	22 July 2024	71,036,360	\$0.0110	781,400
Issue of fully paid ordinary shares	14 October 2024	2,000,000	\$0.0140	28,000
Capital raising costs		-		(46,883)
Options issued for capital raising services		-		(60,480)
Balance	31 December 2024	671,033,330		42,799,707

Note 10. Equity - reserves

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Financial assets at fair value through other comprehensive income reserve	31,602	68,082
Options reserve	333,561	190,404
	365,163	258,486

Note 10. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial period are set out below:

Consolidated	Options reserve \$	Financial assets at fair value reserve \$	Total \$
Balance at 1 July 2024	190,404	68,082	258,486
Share based payments issued to directors	84,930	-	84,930
Share based payments issued to employee (included in employee benefit expense)	3,372	-	3,372
Transfer of expired and cancelled options to accumulated losses	(5,625)	-	(5,625)
Options issued for capital raising service	60,480	-	60,480
De-recognition of asset revaluation reserve surplus upon sale of investment	-	(36,480)	(36,480)
Balance at 31 December 2024	<u>333,561</u>	<u>31,602</u>	<u>365,163</u>

Note 11. Contingent liabilities

The Consolidated Entity provided security deposits of \$162,978 (30 June 2024: \$122,978) for the various exploration tenements. The Consolidated Entity may forgo these deposit if conditions of return are not met.

There were no other contingent liabilities existing at 31 December 2024 and 30 June 2024.

Note 12. Commitments

	Consolidated	
	31 December 2024 \$	30 June 2024 \$
<i>Exploration Commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	883,647	1,772,949
Two to five years	4,747,285	5,123,245
	<u>5,630,932</u>	<u>6,896,194</u>

The commitments above represent the minimum spending required for each areas of interest owned by the Consolidated Entity and exclude formed-out exploration interests, which are not managed by the Consolidated Entity.

In order to maintain current rights to tenure to exploration and mining tenements, the Consolidated Entity has the above exploration expenditure requirements up until expiry of leases. These obligations, which may be varied from time to time and which are subject to renegotiation upon expiry of the lease are not provided for in the half-year financial report as payable.

Within the mineral industry it is common practice for companies to farm-out, transfer or sell a portion of their exploration rights to third parties or to relinquish some exploration and mining tenements altogether, and as a result obligations will be significantly reduced or extinguished altogether. The farm-in partners also expended funds on the permits during the year which can result in work programs for certain years being met.

Note 13. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Payment for goods and services:		
Payment for geological services*	31,200	36,000
Payment for rent**	6,400	4,800

* During the period the Company made payments to Diplomatic Exploration Pty Ltd, a related entity of Mr Stuart Rechner. The entity provided exploration services to the Company and the Consolidated Entity throughout the year.

** During the period the Company made payments to Pillage Investments Pty Ltd, a related entity of Mr. David DeTata. The entity provided rental services to the Company and the Consolidated Entity at market rates.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 14. Farm-outs in the exploration and evaluation phase

The Consolidated Entity had interests in unincorporated joint operations at 31 December 2024 as follows;

The Consolidated Entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the half-year financial report under the appropriate classifications. Information relating to joint operations that are material to the Consolidated Entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2024	30 June 2024
		%	%
Myall Creek (EL6140) - South Australia	Australia	100.00%	100.00%
Roopena (EL5898) - South Australia	Australia	100.00%	100.00%
Saxby (EPM15398) - Queensland	Australia	100.00%	100.00%
Saxby North (EPM27378) - Queensland	Australia	100.00%	100.00%
Saxby 1 (EPM27586) - Queensland	Australia	100.00%	100.00%
Saxby 2 (EPM27587) - Queensland	Australia	100.00%	100.00%
Saxby 3 (EPM27588) - Queensland	Australia	100.00%	100.00%
Saxby 4 (EPM27638) - Queensland	Australia	100.00%	100.00%
Saxby 5 (EPM27676) - Queensland	Australia	100.00%	100.00%
Saxby 6 (EPM28180) - Queensland	Australia	100.00%	100.00%

Myall Creek Project – on 21 June 2019, the Company entered into a farm-out agreement with FMG Resources Pty Ltd, a subsidiary of Fortescue Metals Group Limited (ASX: FMG), for drilling at Myall Creek (EL6140 and EL5898). FMG will be the operator during the period and committed to spend \$1.5m on exploration over 5 years, including a minimum of 1500m of drilling at Myall Creek to earn an 80% interest in the project.

Note 14. Farm-outs in the exploration and evaluation phase (continued)

On 23 June 2023, the Company announced that it entered into a Farm-In and Joint Venture Agreement with FMG Resources Pty Ltd ("Fortescue"), a wholly owned subsidiary of Fortescue Metals Group Limited (ASX: FMG) to explore the Canobie Project in northwest Queensland. The FJV requires FMG to spend \$8M to earn an 80% joint venture interest. Importantly, the JV requires the drilling of 6,000m of basement ensuring the testing of many different Nickel-Copper and Copper-Gold targets. Following the FMG JVA announcement, SER completed a capital raise of \$2.5m. The Canobie Project consisting of EPM 15398, EPM 27378, EPM 27586, EPM 27587, EPM 27588, EPM 27638, EPM 27676, and EPM 28180. Key terms include:

- FMG may earn a 51% interest in the Canobie Project (Stage 1 Interest) by incurring \$4M in expenditure on exploration which will include a minimum of 3,000m of basement drilling within the first three years. This includes a minimum obligation of \$2.5M in expenditure on exploration within the first 2 years.
- During the Stage 1 period SER will operate and conduct all exploration activities as directed by the Exploration Committee which will comprise two members from each party.
- FMG may earn an additional 29% interest (for a total interest of 80%) (Stage 2 Interest) by incurring an additional \$4M in expenditure on exploration over an additional 3 years which shall include a minimum of 3,000m of basement drilling (Stage 2 Period)
- Co-contribution to expenditure may occur after FMG earns the Stage 1 Interest (FMG 51%: SER 49%) or the Stage 2 Interest (FMG 80%: SER 20%). If SER elects not to contribute, its JV Interest will be diluted according to industry formula.

Summarised financial information in relation to the joint operation are set out as follows:

	31 December 2024 \$	30 June 2024 \$
Current Assets		
Cash and cash equivalents	463,827	842,594
Trade and other receivables	3,690	3,309
	<u>467,517</u>	<u>845,903</u>
	Consolidated	
	31 December 2024 \$	30 June 2024 \$
Current Liabilities		
Trade and other payables	28,419	10,089
Other current liabilities	272,509	652,654
	<u>300,928</u>	<u>662,743</u>

Note 15. Events after the reporting period

Nexia Perth Audit Services Pty Ltd was appointed as the Company's auditor with effect from 10 January 2025 following the resignation of Grant Thornton following ASIC's consent to the resignation.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 16. Loss per share

	Consolidated	
	31 December 2024	31 December 2023
	\$	\$
Loss after income tax attributable to the Owners of Strategic Energy Resources Limited	<u>(661,228)</u>	<u>(317,888)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>661,784,615</u>	<u>446,093,867</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>661,784,615</u>	<u>446,093,867</u>
	Cents	Cents
Basic loss per share	(0.10)	(0.07)
Diluted loss per share	(0.10)	(0.07)

Note 17. Share-based payments

On 22 July 2024, the Company issued 6,000,000 unlisted options as part consideration to the lead manager, at \$0.017 (cents) per share, expiring on 22 July 2026. The grant of these options were approved by shareholders at the extraordinary general meeting held on 16 July 2024.

On 14 October 2024, the Company issued 4,000,000 performance options to an employee, at nil exercise price, expiring on 14 October 2027.

On 2 December 2024, the Company issued 28,000,000 unlisted options to current directors, at nil exercise price, expiring on 2 December 2027.

The grant of the share options was approved by shareholders at the Annual General Meeting held on 19 November 2024.

The vesting conditions attached to the Options are split between a market-based vesting condition ("T1" and "T4") and non-market based vesting conditions ("T2" and "T3"), as summarised below:

- T1 Options are subject to performance period which vest based on the Company's share price.
- T2 Options have performance hurdles incorporated for various proportions.
- T3 Options vest subject to holding the Non-Executive Director position in the company as at 30 June 2025.
- T4 Options vest immediately on the issue date.

Set out below are summaries of options granted under the plan:

31 December 2024

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
30/11/2022	30/11/2025	\$0.0000	1,500,000	-	-	-	1,500,000
23/11/2023	23/11/2026	\$0.0000	22,000,000	-	-	(8,000,000)	14,000,000
07/09/2023	06/09/2026	\$0.0210	3,000,000	-	-	-	3,000,000
07/09/2023	06/09/2026	\$0.0000	3,000,000	-	-	(375,000)	2,625,000
16/07/2024	22/07/2026	\$0.0170	-	6,000,000	-	-	6,000,000
19/11/2024	14/10/2027	\$0.0000	-	4,000,000	-	-	4,000,000
19/11/2024	02/12/2027	\$0.0000	-	28,000,000	-	-	28,000,000
			<u>29,500,000</u>	<u>38,000,000</u>	<u>-</u>	<u>(8,375,000)</u>	<u>59,125,000</u>

Note 17. Share-based payments (continued)

30 June 2024

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
04/12/2020	04/12/2023	\$0.0000	9,000,000	-	-	(9,000,000)	-
30/11/2022	30/11/2025	\$0.0000	9,500,000	-	(8,000,000)	-	1,500,000
23/11/2023	23/11/2026	\$0.0000	-	22,000,000	-	-	22,000,000
07/09/2023	06/09/2026	\$0.0210	-	3,000,000	-	-	3,000,000
07/09/2023	06/09/2026	\$0.0000	-	3,000,000	-	-	3,000,000
			<u>18,500,000</u>	<u>28,000,000</u>	<u>(8,000,000)</u>	<u>(9,000,000)</u>	<u>29,500,000</u>

The Consolidated Entity valued the options using ESO Model valuation methodologies, with the following inputs used to determine the fair value for options granted during current and previous period:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date
16/07/2024	22/07/2026	\$0.0200	\$0.0170	100.00%	4.04%	\$0.010
19/11/2024	14/10/2027	\$0.0100	\$0.0000	100.00%	4.08%	\$0.010
19/11/2024	02/12/2027	\$0.0100	\$0.0000	100.00%	4.08%	\$0.010
19/11/2024	02/12/2027	\$0.0100	\$0.0000	100.00%	4.08%	\$0.001

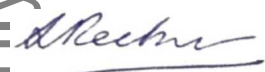
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In the Directors' opinion:

- the attached half-year financial report and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached half-year financial report and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr Stuart Rechner
Executive Chair

11 March 2025

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Independent Auditor's Review Report

To the members of Strategic Energy Resources Limited

Report on the Half-year Financial Report for the Half-Year Ended 31 December 2024

Conclusion

We have reviewed the accompanying half-year financial report of Strategic Energy Resources Limited (the "Company") and its controlled entities (the "Consolidated Entity"), which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Consolidated Entity does not comply with the *Corporations Act 2001* including:

- i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"). Our responsibilities are further described in the Auditor's Responsibility for the Review of the half-year financial report section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Consolidated Entity incurred a net loss of \$661,228 during the half-year ended 31 December 2024 and had operating and investing cash outflows of \$1,925,780. As stated in Note 2, these events or conditions along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Advisory. Tax. Audit.

ACN 145 447 105

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Directors' Responsibility for the Half-year Financial Report

The directors of the Consolidated Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

N.P.A.S.

Nexia Perth Audit Services Pty Ltd



Muranda Jans Van Nieuwenhuizen
Director

Perth, Western Australia
11 March 2025